

## Message Text

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ACTION EUR-12

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-----003121 071831Z /43

R 071505Z SEP 78  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 5654  
USDOC WASHDC  
INFO AMCONSUL FLORENCE  
AMCONSUL GENOA  
AMCONSUL MILAN  
AMCONSUL NAPLES  
AMCONSUL PALERMO  
AMCONSUL TRIESTE  
AMCONSUL TURIN

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MILAN PASS US TRADE CENTER

E.O. 11652 N/A  
TAGS: BEXP, IT  
SUBJ: FY-1978 COUNTRTY COMMERCIAL PROGRAM: THIRD QUARTER REVIEW

SUMMARY. EMBASSY REGRETS TARDINESS OF THIS REVIEW WHICH HAS BEEN DELAYED BY UNUSUAL TURNOVER OFFICER PERSONNEL AND STAFFING GAPS. SITUATION IMPROVING SEPTEMBER WITH ARRIVAL REPLACEMENTS. THIRD QUARTER HIGHLIGHTS WERE: LARGEST-EVER TRADE CENTER COMPUTER PROMOTION AT MILAN/TC, SETTING NEW RECORD AND DEMONSTRATING THAT IN SPITE OF NEGATIVE NEWS FROM ITALY, CERTAIN SECTORS ARE FLOURISHING; US TRADE DAYS HELD IN OUTLYING AREAS, STIMULATING GREAT INTEREST IN EXPANDING TRADE RELATIONS WITH US; AND UPSURGE OF ACTIVITY IN EVENTS RELATING TO ENERGY, ESPECIALLY SOLAR ENERGY. UNUSUALLY HEAVY SCHEDULE OF WASHINGTON DEMANDS, I.E., FOREIGN SERVICE INSPECTION, WAGE CLASSIFICATION SURVEY AND ZERO-BASE BUDGETING EXERCISE IMPACTED ON TIME SCHEDULED FOR CCP. END SUMMARY  
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1. CAMPAIGN 1, COMPUTERS. ACTION 1: GOALS SURPASSED WITH OVER 100 OUTSIDE CALLS BY POSTS, SUPPLEMENTED BY TELEXES, MAILINGS. ACTION 2: SIX REPS APPOINTED, 30 MORE EXPECTED. ACTION 4: RECEPTION HELD IN PALERMO WITH 80 BUSINESSMEN ATTENDING; NAPLES RECEPTION NOT DEEMED USEFUL IN VIEW OTHER EFFORTS. ACTION 6: EXCEEDED. ACTION 7: TWO TO'S DEVELOPED (FLORENCE

ONE TO FOR DLR 1.2 MILLION). THERE WAS UNUSUALLY HIGH ATTENDANCE AT MTC PROMOTION FROM CONSTITUENT POSTS.

2. CAMPAIGN 2, FOOD PROCESSING EQUIPMENT. ACTIONS COMPLETED THANKS TO SPECIAL EFFORT ON PART FLORENCE WHICH CARRIED OUT INTENSIVE CALL CAMPAIGN UNDER ACTION 4. ACTION 1 ABANDONED BECAUSE FILMS DEEMED INAPPROPRIATE.

3. CAMPAIGN 3, PROCESS CONTROLS. FEW ACTIONS CALLED FOR THIRD QUARTER. NAPLES AND PALERMO MAINTAINED MOMENTUM BY CALLS ON PUBLIC UTILITY COMPANIES. ROME STAGED SEMINAR IN EMBASSY THEATER.

4. CAMPAIGN 4, PRINTING AND GRAPHIC ARTS. NO ACTIONS CALLED FOR EXCEPT SHOWING OF TARGET INDUSTRY FILM WHICH WAS ABANDONED FOR REASONS NOTED LAST REPORT, AND OTHER HIGHER PRIORITY DEMANDS.

5. CAMPAIGN 5, MAJOR PROJECTS. ACTION 1: SEVERAL PROJECTS BEING MONITORED IN SOUTH OF ITALY INCLUDING FIAT INVESTMENT (600 MILLION DOLLARS), BAGNOLI STEEL MODERNIZATION (NAPLES), ALGERIAN PIPELINE PROJECT (PALERMO), PLUS TURIN WASTE WATER PURIFICATION PLANT. ACTION 3: COMMERCIAL COUNSELOR FOLLOWED UP WITH MAJOR ITALIAN PIPELINE CONSTRUCTOR ON LIAISON WITH ARMY CORPS OF ENGINEERS AND JOINT VENTURES MID-EAST, WHICH STILL BEING WORKED ON. VISITS MADE IN CONNECTION WITH ACTIONS 1-4.

6. CAMPAIGN 6, TELECOMMUNICATIONS. ACTION 4: AS CONTINUING  
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FOLLOW-UP TO VISIT BY MINISTER OF PPT TO US OCTOBER 1977, EMBASSY CALLED ON MPT OFFICIALS IN CONNECTION WITH MODIFICATION AND EXPANSION OF MAJOR GOI INVESTMENT IN TELEX, MESSAGE AND DATA-SWITCHING CENTERS IN PRINCIPAL CITIES OF ITALY DURING NEXT SEVERAL YEARS. EMBASSY OBTAINED INFORMAL COMMITMENT FROM MPT OFFICIALS TO MAINTAIN SHARE OF US SOURCING SO FAR COMMITTED, AND PROBABILITY THIS SHARE WILL BE EXPANDED SUBSTANTIALLY. AS RESULT THIS AND OTHER CONTRACTS, US FIRM INVOLVED HAS UNDERWAY CONSTRUCTION OF PLANT IN SOUTH ITALY AS PART OF TWO-WAY TRADE AND TECHNOLOGY EXCHANGE ENVISAGED MINISTER'S VISIT REFERRED TO ABOVE.

7. CAMPAIGN 7, FOREIGN BUYER/TRAVEL PROMOTION.  
(1) HIGHLIGHTS OF VISIT USA COMMITTEE ACTIVITY: A) TRADE PUBLICATION L'AGENZIA DI VIAGGI PRODUCED AT NO COST A SPECIAL SUPPLEMENT DEVOTED TO TOURISM IN USA; B) EIGHT ADS PLACED IN TRAVEL TRADE GAZETTE;

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C) TWO FAMILIARIZATION TOURS FOR TRAVEL AGENTS/JOURNALISTS WERE MOUNTED TO US IN COOPERATION WITH TWA AND PAN AM/UAL. D) A VISIT USA BOOTH WAS FEATURED AT ANNUAL ITALIAN TRAVEL AGENTS CONVENTION; E) A VISIT USA PROMOTION, STAGED AT US TRADE CENTER MILAN DURING ANNUAL MILAN FAIR, ATTRACTED 54,000 VISITORS. ALL POSTS DISTRIBUTED LARGE VOLUME OF PROMOTIONAL LITERATURE TO TRAVEL AGENTS. GENOA EXPENDED GREAT EFFORT ON FRIENDSHIP FORCE EXCHANGE BETWEEN RICHMOND, VA. AND GENOA. INNOVATIVE PROMOTIONAL RECEPTION HELD WITH TRAVEL AGENTS AND MEDIA, TYING-IN NON-IMMIGRANT VISA PROCEDURES TO VISIT USA CAMPAIGN (TURIN). VOLUME OF TRAVEL AGENTS' INQUIRIES GENERATED BECOMING WIRRISSOME TO PRESENT STAFF AVAILABLE TO HANDLE SAME. ITALIAN TOURISM TO USA FIRST SIX MONTHS UP 32 PERCENT, SECOND HIGHEST "SPECIAL MARKET" INCREASE IN WORLD.

(2) FOREIGN BUYERS. ALL ACTIONS MET, DIRECT MAIL CAMPAIGN CARRIED OUT BY ALL POSTS FOR PRESCRIBED LIST OF US TRADE SHOWS; INDIVIDUAL FBP SERVICE EXTENDED TO IMPORTER YOUTH WEAR FOR ESTIMATED PURCHASE VOLUME DLR 5 MILLION (FLORENCE); EMBASSY UNCLASSIFIED

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GENERATED VISIT BY ITALIAN STATE ENTITY TO EXPLORE TECHNOLOGY SEARCH WHICH HAS PROMISE; IN COOPERATION WITH TRAVEL AGENTS, GROUP TRAVEL ORGANIZED TO CHICAGO MACHINE TOOLS SHOW (TURIN).

8. CAMPAIGN 8, BUSINESS AUTOMATION. ACTIONS CALLED FOR

COMPLETED.

9. OTHER SPECIAL PST EFFORTS. ACTIVITY 1 TRADE OPPORTUNITIES.  
ACTION 1: MILAN AND FLORENCE LED IN PRODUCTION TO'S WITH 39 AND  
30 RESPECTIVELY. ACTION 4: SEE TRADE DAYS BELOW.  
ACTIVITY 2, INVESTMENT PROTECTION. EMBASSY INTERVENED SUCCESSFULLY  
WITH GOI AUTHORITIES IN OPENING PRODUCTION LINE FOR ELECTRONIC  
WATCHES BY TEXAS INSTRUMENTS, WHICH OTHERWISE WAS ON VERGE BEING  
TRANSFERRED TO OTHER MARKET. THIS WILL BE MAJOR PRODUCTION  
FACILITY IN EUROPE; THREATENED CLOSURE PLANT OF MAJOR US TIRE  
MANUFACTURER ITALY AVERTED THROUGH AGREEMENT IN PRINCIPLE  
REACHED BY VIRTUE INTERVENTION AMBASSADOR WITH MINISTER STATE  
PARTICIPATION; PHARMACEUTICALS PLACED UNDER PATENT PROTECTION  
THROUGH ITALIAN COURT RULING. (EMBASSY HAS SPENT YEARS OF EFFORT  
ON BEHALF US PHARMACEUTICAL INDUSTRY TO BRING ABOUT SUCH  
PROTECTION); EMBASSY INCREASED PRESSURE ON GOI FOR RAYTHEON  
CLAIM AT AMBASSADORIAL AND CHARGE' LEVEL (SUBSEQUENTLY GOI  
RESPONSE HAS BEEN RECEIVED TO OUR CLAIM LODGED IN 1974);  
ASSISTANCE WAS GIVEN IN RESOLVING SEVEN MONTHS' LABOR DEADLOCK  
(FLORENCE); EMBASSY AND POSTS CONDUCTED COUNTRY-WIDE SURVEY  
OF EFFECT ON BUSINESS ENVIRONMENT OF CONDITIONS EXISTING IN ITALY  
DURING THIRD QUARTER (ROME 12418). ACTIVITY 3. MASS UP-DATING  
OF FOREIGN TRADERS INDEX COMPLETED ON SCHEDULE.

10. NOTEWORTHY ACTIVITIES (NOT INCLUDED IN CCP).  
(A) EMBASSY IN COLERATION WITH AMCHAM, POSTS CONCERNED, AND  
LOCAL INDUSTRIALISTS ASSOCIATIONS CONDUCTED US TRADE DAYS IN  
VICENZA IN MAY AND IN TRIESTE IN JUNE. PURPOSE: TO GAIN EXPOSURE  
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IN OUTLYING AREAS. VICENZA TRADE DAY, CHAIRED BY COMMERCIAL  
COUNSELOR, ATTRACTED 100 BUSINESSMEN FROM VENETO REGION AND  
RESULTED IN NUMBER OF TO'S. PROPOSALS STILL BEING FOLLOWED  
UP. TRIESTE DAY FEATURED MAJOR ECONOMIC POLICY SPEECH BY AM-  
BASSADOR, AND ATTRACTED TOP AUTHORITIES AS WELL AS BUSINESSMEN  
FROM THROUGHOUT FRIULI REGION.

(B) ENERGY. MISSION PARTICIPATED IN THREE HIGH-PROFILE EVENTS;  
AN EXHIBITION AND CONFERENCE IN GENOA, WITH US DELEGAION  
HEADED BY DEPUTY SECRETARY DOE; AN ENERGY SYMPOSIUM IN PALERMO  
ORGANIZED BY SCIENCE ATTACHE'; AND A SOLAR ENERGY EXHIBITION IN  
PALERMO ORGANIZED BY CONGEN, FEATURING PRESENTATION BY US EXPERTS.  
ATTENDANCE WAS 54,000. FOREGOING EVENTS ATTENDED BY ECMIN,  
SCIENCE AND COMCOUNSELOR RESPECTIVELY, AND GENERATED INTEREST  
IN VARIOUS APPLICATION SOLAR ENERGY IN U.S.

1. ON DOWNSIDE, MISSION'S WORK OUTPUT WAS BURDENED BY FULL-  
SCALE FOREIGN SERVICE INSPECTION, WAGE CLASSIFICATION SURVEY  
TEAM, AND SERO-BASE BUDGETING EXERCISE. ALSO, COMMERCIAL PROGRAM  
DISAPPOINTED BY ICA'S WITHDRAWAL OF FINANCIAL AND OTHER SUPPORT

ON PUBLICATION OF MISSION'S COMMERCIAL NEWSLETTER, WHICH HAD  
BECOME OUTSTANDING ORGAN WITH EXCELLENT COOPERATION GIVEN BY  
ICA DURING PREVIOUS 2-3 YEARS.HOLMES

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